



Mick Antoniw AM
Chair, Constitutional and Legislative Affairs Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

15 December 2017

Dear Mick,

I am writing regarding the non-domestic rating (NDR) Multiplier for 2018-19. In his Autumn Budget on 22 November, the Chancellor announced that the Multiplier for 2018-19 for England would be increased by the Consumer Prices Index (CPI) rather than the Retail Prices Index (RPI).

The Welsh Government proposes to apply CPI to increase the Multiplier for Wales so that businesses in Wales are not disadvantaged in comparison with in England.

The provisions governing the calculation of the Multiplier are set out in Schedule 7 to the Local Government Finance Act 1988. The Multiplier (in effect the rate in the pound) is applied to the rateable value of each non-domestic property to determine its rates bill for the year. The Multiplier for a particular year is usually calculated by taking the Multiplier for the previous year and applying the RPI inflation rate as at the previous September. Applying CPI instead of RPI would represent a departure from the normal practice for increasing the Multiplier. As such, we are required, under Schedule 7 to the Local Government Finance Act 1988, to lay an Order which is subject to an affirmative resolution procedure.

This Order must be approved by the Assembly before it approves the Local Government Finance Report because it informs the calculation of the figures in the Report under Part III of Schedule 8 to the Local Government Finance Act 1988. This is also a procedural requirement of the 1988 Act. The debate on this Local Government Finance Report has already been scheduled for 16 January 2018.

The timing of the Autumn Budget means it has not been possible to lay the Order and allow the 20-day period of scrutiny required under Standing Order 27.7 before the debate on the Local Government Finance Report on 16 January 2018.

Delaying the debate on the Local Government Finance Report would result in considerable difficulties for local authorities who must agree their budgets and set their council tax levels for 2018-19 within tight statutory timetables. Early approval of the Order is needed to enable authorities to adopt the Multiplier for NDR billing purposes, and it will also provide businesses and other ratepayers across Wales with the clarity they need to plan for the next financial year.

In order to enable the debate on the Local Government Finance Report to proceed as scheduled on 16 January 2018, I would be very grateful if the Constitutional and Legislative Affairs Committee would be prepared to consider and report on the Order ahead of that date. The Order is very short and will cover only one of the elements of the formula used to calculate the Multiplier. My officials have already provided a copy of the draft Order to yours and I would be happy for my officials to provide technical briefing if that would help.

I appreciate the difficulties in making such arrangements at this time of year but it would be very helpful if you were able to confirm that the Committee will be able to consider and report on the Order.

A handwritten signature in black ink that reads "Mark". The letters are cursive and slightly slanted to the right.

Mark Drakeford AM/AC

Ysgrifennydd y Cabinet dros Gyllid
Cabinet Secretary for Finance